

GRANT TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2008

GRANT TOWNSHIP

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Elliott & Sangster

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CERTIFIED FINANCIAL PLANNERS

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INDEPENDENT AUDITORS' REPORT

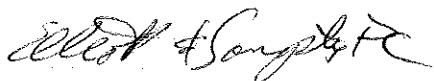
Township Board
Grant Township
Cheboygan County
Cheboygan, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Grant Township, Cheboygan County, Michigan**, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **Grant Township**, as of March 31, 2008, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and 20 through 23, are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



December 16, 2008

GRANT TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDING MARCH 31, 2008

This section of the Township's annual financial report presents our discussion and analysis of Grant Township's financial performance during the year ended March 31, 2008.

Financial Highlights

Our financial status remained stable over the last year. Net assets increased from \$353,936 to \$363,012 for an increase of \$9,076.

Overall revenue was \$194,756. Taxable value in the Township increased by \$3,950,537 over the previous year.

Overview of Financial Statements

This annual report consists of three parts – management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

Entity-Wide Financial Statements

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All activities of the Township are reported as governmental activities, and there are no business type activities. Governmental activities include the General Fund and the Liquor Fund.

GRANT TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDING MARCH 31, 2008

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds, focusing on significant funds and not the Township as a whole. In the section for other supplemental information, the General Fund revenue and expenditures are shown on the line item basis. Funds are used to account for specific activities or funding sources. Some funds are required by law. The Township Board may also create them. Funds are established to account for funding and spending financial resources and to show proper expenditures of those resources.

The Township has the following funds:

Governmental Funds: All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include the General Fund and the Liquor Fund.

Financial Analysis of the Township as a Whole

Our cash position in all governmental activities remains strong. Year-end cash position of all funds is as follows:

General Fund	\$266,822
Liquor Fund	<u>3,043</u>
Total Government Fund Cash	<u>\$269,865</u>

Financial Analysis of the Township's Funds

Individual fund balances remain solid, as indicated by year-end balance and net change reflected below:

	Balance March 31, <u>2007</u>	Balance March 31, <u>2008</u>	Increase (Decrease)
General Fund	\$261,470	\$269,865	\$8,395
Liquor Fund	<u>2,756</u>	<u>3,043</u>	<u>287</u>
Totals	<u>\$264,226</u>	<u>\$272,908</u>	<u>\$8,682</u>

Capital Assets and Long-Term Debt Activity

The Township's total capital outlay in governmental funds was \$5,993. There was no long-term debt financing.

GRANT TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDING MARCH 31, 2008

Factors Affecting Future Operations

We anticipate steady growth of tax revenue. Our cash balance is for the possible improvements to existing Township roads and on going operations. We continue to operate under the assumption that long-range State funding is uncertain. We, therefore, believe that a healthy fund balance is essential to the Township's financial health.

Contacting the Township's Management

This financial report is designed to provide our citizens, taxpayers, and other interested parties with a general overview of Grant Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Grant Township at 231-625-2055, located at 8908 Twin Lakes Road, Cheboygan, Michigan 49721.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

GRANT TOWNSHIP

STATEMENT OF NET ASSETS GOVERNMENTAL ACTIVITIES

MARCH 31, 2008

Assets	
Cash and cash equivalents	\$ 63,334
Certificate of deposit	206,531
Accounts receivables	19,963
Capital assets not being depreciated	38,546
Capital assets, net of depreciation	34,037
Due from other fund	601
Total assets	363,012
Liabilities	
Accounts payable and accrued expenditures	-
Deferred revenue	-
Noncurrent liabilities	-
Due within one year	-
Due in more than one year	-
Total liabilities	-
Net assets	
Invested in capital assets, net of related debt	72,583
Unrestricted	290,429
Total net assets	\$ 363,012

The accompanying notes are an integral part of these financial statements.

GRANT TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities				
Legislative	\$ 18,663	\$ -	\$ -	\$ (18,663)
General government	81,748	14,317	1,322	(66,109)
Public safety	49,023	-	-	(49,023)
Public works	51,885	-	-	(51,885)
Total governmental activities	<u>201,319</u>	<u>14,317</u>	<u>1,322</u>	<u>(185,680)</u>
General revenues				
Property taxes				94,528
State shared revenues				88,279
Unrestricted interest				<u>11,949</u>
Total general revenues				<u>194,756</u>
Change in net assets				<u>9,076</u>
Net assets, beginning of year				<u>353,936</u>
Net assets, end of year				<u><u>\$ 363,012</u></u>

FUND FINANCIAL STATEMENTS

GRANT TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS

MARCH 31, 2008

ASSETS	General	Special Revenue Fund	Total Governmental Funds
		Liquor Law Enforcement	
Cash and cash equivalents	\$ 60,291	\$ 3,043	\$ 63,334
Certificate of deposit	206,531	-	206,531
Taxes receivable	13,150	-	13,150
Special assessments receivable	6,813	-	6,813
Due from other fund	601	-	601
Total assets	\$ 287,386	\$ 3,043	\$ 290,429
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	-	-	-
Total liabilities	-	-	-
Fund balances			
Unreserved, undesignated	287,386	3,043	290,429
Total liabilities and fund balances	\$ 287,386	\$ 3,043	\$ 290,429

Continued...

GRANT TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS

MARCH 31, 2008

Reconciliation of fund balances on the balance sheet for governmental funds to the statement of net assets

Fund balances - total governmental funds	\$ 290,429
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Amounts reported for governmental activities in the statement of net assets are different because
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Add - capital assets (net)	72,583
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Certain assets, such as special assessments receivable, are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.

Add - deferred revenue on special assessments receivable

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable

Deduct - bonds and notes payable

Deduct - accrued interest on bonds and notes payable

Net assets of governmental activities

<u>\$ 363,012</u>

Concluded

The accompanying notes are an integral part of these financial statements.

GRANT TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED MARCH 31, 2008

	General	Special Revenue Fund Liquor Law Enforcement	Total Governmental Funds
Revenues			
Taxes	\$ 94,528	\$ -	\$ 94,528
State sources	86,438	1,841	88,279
Property tax administration fee	14,317	-	14,317
Interest	11,949	-	11,949
Miscellaneous	1,322	-	1,322
Total revenues	208,554	1,841	210,395
Expenditures			
Current			
Legislative	18,663	-	18,663
General government	77,582	-	77,582
Public safety	53,462	1,554	55,016
Public works	51,885	-	51,885
Total expenditures	201,592	1,554	203,146
Net change in fund balances	6,962	287	7,249
Fund balances, beginning of year	280,424	2,756	283,180
Fund balances, end of year	\$ 287,386	\$ 3,043	\$ 290,429

Continued...

GRANT TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED MARCH 31, 2008

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of Governmental Funds to the Statement of Activities

Net change in fund balances - total governmental funds	\$	7,249
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Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	5,993
Deduct - depreciation expense	(4,166)

Special assessments receivable are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.

Deduct - special assessment receipts	
Add - current year special assessments	

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in

Deduct - bond proceeds	
Add - principal payments on long-term liabilities	

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in compensated absences	
Deduct - increase in accrued interest	

Change in net assets of governmental activities

\$	9,076
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Concluded

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

GRANT TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - TAX COLLECTION FUND

MARCH 31, 2008

Assets

Cash and cash equivalents	<u>\$ 601</u>
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Liabilities

Due to other governmental units	<u>\$ 601</u>
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The accompanying notes are an integral part of these financial statements.

GRANT TOWNSHIP

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - CURRENT TAX COLLECTION FUND**

FOR THE YEAR ENDED MARCH 31, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash and cash equivalents, unrestricted	\$ -	\$ 1,306,748	\$ 1,306,147	\$ 601
LIABILITIES				
Due to other governmental units	\$ -	\$ 601	\$ -	\$ 601

NOTES TO FINANCIAL STATEMENTS

GRANT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Grant Township, Michigan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the most significant policies.

THE REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the financial statements of the reporting entity includes those of the Township and any component units. The basic criterion for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support (the township does not have any business-type activities). Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues are reported instead as general revenue.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Major funds are generally those that represent 10% or more of the respective fund type assets, liabilities, revenues or expenditures. The township considers all funds to be major funds.

GRANT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

FUND TYPES AND MAJOR FUNDS

Governmental Funds

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Financing is provided primarily by property taxes and state shared revenues.

Liquor Fund – This fund accounts for revenues and expenditures directly attributable to liquor control operations. Revenue is primarily obtained from property taxes for this purpose.

Fiduciary Funds

Trust and Agency Fund – The Tax Collection Fund is used to account for property taxes collected for the township and as an agent for other governmental units. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits, cash in savings and money market accounts.

INVESTMENTS

Investments are stated at cost, which approximates market, and consist of certificates of deposit with maturity values of three months or longer and bank money

GRANT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS (continued)

market funds, which invest, solely in short-term fixed income securities of the U.S. Treasury and U.S. Agencies.

RECEIVABLES AND PAYABLES

All receivables are reported at gross value. Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. All receivables are reported at their gross values.

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Capital assets are defined by the government as assets with an initial individual cost of \$250 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Expenditures for maintenance and repair are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	10 – 40 years
Land improvements	15 years
Equipment and vehicles	5 – 10 years

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, governmental fund types

GRANT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM OBLIGATIONS (continued)

recognize the face amount of debt issued as other financing sources. Issuance costs are reported as debt service expenditures. The Township has no debt.

FUND EQUITY

Reserved fund balances for governmental funds indicate that a portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spendable resources. Designated fund balance indicates that a portion of fund equity for which the Township has made tentative plans. Undesignated fund balance indicates that portion of fund equity, which is available for budgeting in future periods.

BUDGETS AND BUDGETARY ACCOUNTING

The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Township Board.

The Township Board's budgetary procedures are in compliance with P.A. 621 of 1978 (The Uniform Budgeting Act).

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order of the applicable appropriations, is not employed by the Township because it is, at present, considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

PROPERTY TAX REVENUE RECOGNITION

Property tax revenues for the year ended March 31, 2008 reflected in the accompanying financial statements include property taxes levied December 1, 2007. These taxes are due by February 15, 2008, and are added to the County tax rolls

GRANT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAX REVENUE RECOGNITION (continued)

after February 28, 2008. The Township receives 100% payment for the delinquent tax by June 2008. The Township bills and collects its own property taxes and also taxes for other governmental units. Collections of the other governmental unit's taxes and remittance of them to the units are accounted for in the Fiduciary – Tax Collection Fund.

The Township SEV at December 31, 2007 was \$96,384,641. The taxable value of the Township totaled \$46,201,734, on which taxes consisted of .7898 mills for the Township's operating purposes.

VACATION, SICK LEAVE AND COMPENSATED ABSENCE

The Township doesn't provide compensation for vacation hours or sick pay. With exception, to the pension plan described in Note 3, the Township does not provide any other Deferred Compensation Plan or any other Post-employment Benefits.

PENSION

The provision for pension cost is recorded on an accrual basis, and the Township's policy is to fund pension costs as they accrue.

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS

Primary Government

The captions on the combined balance sheet relating to cash, cash equivalents and investments and the amounts in the Total (Memorandum Only) primary government column is as follows:

Cash and cash equivalents	\$ 63,334
Investments	<u>206,531</u>
	<u>\$269,865</u>

At year-end the carrying amount of the Township's primary government deposits were classified as to risk as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$269,865	\$269,865
Uninsured - uncollateralized	<u>0</u>	<u>0</u>
	<u>\$269,865</u>	<u>\$269,865</u>

GRANT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2008

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Primary Government (continued)

Investments of the primary government consist of Bank CD's with a carrying amount and market value of \$206,531 and are insured.

The GASB Statement No. 3 risk disclosures are as follows:

1. Insured or Registered, or Securities held by the Township or the Township's agent in the Township's name.
2. Uninsured and unregistered, with Securities held by the Counterparty's Trust Department or its agent in the Township's name.
3. Uninsured and unregistered, with Securities held by the Counterparty or the Counterparty's Trust Department or Agent, but not in the Township's name.

Statutory Authority

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

NOTE 3: PROPERTY AND EQUIPMENT – GENERAL FIXED ASSETS

Capital asset activity of the primary governmental activities for the current year was as follows:

	Balance 4/1/2007	Additions	Balance 3/31/2008
Land and improvements	\$38,546	\$ 0	\$38,546
Buildings and improvements	57,508	5,993	63,501
Machinery and equipment	25,463	0	25,463
Investment in general fixed assets	121,517	5,993	127,510
Less accumulated depreciation	(50,761)	(4,166)	(54,927)
Net capital assets	<u>\$70,756</u>		<u>\$72,583</u>

GRANT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2008

NOTE 4: PENSION PLAN

The Township retirement plan is administered by Municipal Retirement Systems, Inc. Employees become 100% vested upon entering the plan. The Township contributed an amount (\$3,569 during 2007-2008) equal to 10% of gross salaries of participating employees. Each participating employee contributes 5% of wages. The plan is fully funded as of March 31, 2008 with a total fund balance of retirement of \$52,494.

The Township participates in a defined contribution money purchase pension plan and trust. The Township is responsible for the administration of the plan and is assisted by Municipal Retirement Systems, Inc. Contributions to the plan are made to the employees account and are 100% guaranteed to principal and fully vested at time of entering the plan. All employees of the Township who are over 18 years of age are eligible to enter the plan. Fees and contract charges for the year were \$180.

NOTE 5: RISK MANAGEMENT

The Township participates in the Michigan Township Participating Plan for general liability, property loss, professional, public official errors and omissions liabilities. This plan is a self-insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. This plan, through its risk manager, secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of the Township. The Township pays an annual premium to the Michigan Participating Plan for its general insurance coverage and has no additional liability beyond the premiums made to this plan. The Township carries coverage for general liability, wrongful acts, law enforcement, automobile, crime, inland marine liability and bonding for public official's errors and omissions. Additionally, the Township has purchased commercial insurance for workman's compensation benefits. Claims for commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

GRANT TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2008

	Budget		Actual	Variance With Amended Budget Positive (Negative)
	Original	Amended		
Revenues				
Taxes	\$ 66,000	\$ 66,000	\$ 94,528	\$ 28,528
State sources	84,350	84,350	86,438	2,088
Property tax administration fee	11,000	11,000	14,317	3,317
Interest	9,050	9,050	11,949	2,899
Miscellaneous revenue	1,400	1,400	1,322	(78)
Total revenues	171,800	171,800	208,554	36,754
Expenditures				
Legislative				
Township board	24,530	24,530	18,663	5,867
General government				
Executive	31,005	31,005	12,152	18,853
Assessor	19,249	3,874	19,274	(15,400)
Clerk	13,418	13,718	13,692	26
Board of Review	4,200	4,200	2,428	1,772
Treasurer	19,263	18,763	18,786	(23)
Township hall	30,800	30,800	6,528	24,272
Elections	-	-	722	-
Cemetery	4,000	4,000	4,000	-
Total general government	121,935	106,360	77,582	28,778
Public safety				
Fire department	48,400	52,700	53,462	(762)
Public works				
Sanitation	26,000	26,000	20,718	5,282
Highway, streets and bridges	100,000	100,000	31,167	68,833
Total public works	126,000	126,000	51,885	74,115
Total expenditures	320,865	309,590	201,592	107,998
Net change in fund balances	(149,065)	(137,790)	6,962	(71,244)
Fund balances, beginning of year	280,424	280,424	280,424	-
Fund balances, end of year	\$ 131,359	\$ 142,634	\$ 287,386	\$ (71,244)

The accompanying notes are an integral part of these financial statements

GRANT TOWNSHIP
SCHEDULE OF DETAIL EXPENDITURES-
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2008

Expenditures

Legislative

Township Board

Wages	3,198
Conferences and workshops	794
Per diem	3,714
Printing and publishing	1,412
Memberships and dues	803
Insurance	4,054
FICA	669
Miscellaneous	1,604
Professional fees	493
Transportation	596
Capital outlay	-
Pension	1,326

Total township board

18,663

General government

Executive

Wages	8,826
Conferences and workshops	105
Per diem	922
Supplies	590
Transportation	728
Pension	981

Total executive

12,152

Assessor

Wages	17,149
Transportation	1,500
Supplies	625

Total assessor

19,274

Clerk

Wages	7,788
Conferences and workshops	75
Per diem	1,229
Supplies	1,254
Transportation	621
Data processing	1,866
Pension	859

Total clerk

13,692

Continued...

GRANT TOWNSHIP
SCHEDULE OF DETAIL EXPENDITURES-
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2008

Board of review	
Wages	2,045
Conferences and workshops	255
Supplies	14
Transportation	114
	<hr/>
Total board of review	2,428
	<hr/>
Treasurer	
Wages	10,906
Conferences and workshops	794
Per diem	922
Transportation	949
Data processing	1,063
Supplies	3,041
Pension	1,111
	<hr/>
Total treasurer	18,786
	<hr/>
Township hall	
Supplies	1,628
Repairs and maintenance	35
Contracted services	2,507
Utilities	2,021
Permits	337
	<hr/>
Total township hall	6,528
	<hr/>
Elections	
Wages	523
Election	154
Transportation	45
	<hr/>
Total elections	722
	<hr/>
Cemetary	
Contracted services	4,000
	<hr/>
Total general government	77,582
	<hr/>

continued....

GRANT TOWNSHIP
SCHEDULE OF DETAIL EXPENDITURES-
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008

Public Safety	
Fire department	
Repair & maintenance	1,250
Building additions	5,993
Millage	<u>46,219</u>
Total fire department	<u>53,462</u>
Public works	
Sanitation	20,718
Highway, streets and bridges	<u>31,167</u>
Total public works	<u>51,885</u>
Total expenditures	<u>201,592</u>
	Concluded

The accompanying notes are an integral part of these financial statements

GRANT TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - LIQUOR LAW ENFORCEMENT FUND
FOR THE YEAR ENDED MARCH 31, 2008

	Budgeted Amounts		Actual	Variance With Amended Budget Positive (Negative)
	Original	Amended		
Revenues				
State revenues	\$ 1,800	\$ 1,800	\$ 1,841	\$ 41
Expenditures				
Public safety				
Wages and salaries	1,500	1,500	1,380	120
FICA	125	125	106	19
Bonds	160	160	-	160
Retirements			-	
Supplies	125	125	68	57
Total expenditures	1,910	1,910	1,554	356
Net change in fund balances	(110)	(110)	287	(315)
Fund balances, beginning of year	2,756	2,756	2,756	-
Fund balances, end of year	\$ 2,646	\$ 2,646	\$ 3,043	\$ (315)

The accompanying notes are an integral part of these financial statements.

Elliott & Sangster

CERTIFIED PUBLIC ACCOUNTANTS
CERTIFIED FINANCIAL PLANNERS

PROFESSIONAL CORPORATION

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CHEBOYGAN, MI 49721

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MEMBER

MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 2008

Township Board
Grant Township
Cheboygan County
Cheboygan, MI 49721

Comments and Recommendations

In planning and performing our audit of the general purpose financial statements of the Township of Grant for the year ended March 31, 2008, we consider the Township's internal structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

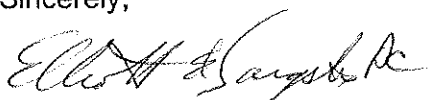
Because of the nature in general of the control environment of small townships, we limit our study and evaluation of internal control to the preliminary review of the system to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because we are not relying on the entity's internal accounting control procedures to restrict our substantive tests, the study and evaluation of the internal accounting controls did not extend beyond this preliminary review phase. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole. However, our examination disclosed no conditions that we believe to be a material weakness.

This report and accompanying recommendations are intended for the use of the Township and should not be used for other purpose.

1. The Township's General Fund had one item in excess of budgeted expenditures. We recommend expenditure line items be continually monitored throughout the year to assure compliance.
2. At the end of the fiscal year, the tax checking and savings account should not have an account balance. We recommend the Treasurer should disburse amounts due prior to the year-end.

We would like to thank both Mrs. Hart and Mrs. Vallance for their assistance during the audit and for the fine job they did with the accounting of the Township records. If there are any questions regarding this comment or the audited statements, please feel free to contact us.

Sincerely,



Elliott & Sangster, PC